Supreme Court, U.S.
FILED
JAN 18 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-985

IN THE
Supreme Court of the United States
OCTOBER TERM, 1988

TECHNOGRAPH LIQUIDATING TRUST,
Petitioner,

v.

GENERAL MOTORS CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

---

REPLY BRIEF OF PETITIONER

SIDNEY BENDER
AARON LEWITTES
JANINE L. BENDER
SYMA S. LEVINE
LEVENTRITT LEWITTES & BENDER
1205 Franklin Avenue
Garden City, NY 11530
(516) 742-4250

ALFRED W. PUTNAM, JR.
DRINKER BIDDLE & REATH
1100 Philadelphia National Bank Building
Philadelphia, PA 19107
(215) 988-2700

REX E. LEE *
CARTER G. PHILLIPS
MARK D. HOPSON
SIDLEY & AUSTIN
1722 Eye Street, N.W.
Washington, D.C. 20006
(202) 429-4000

ROBERT K. PAYSON
POTTER ANDERSON & CORROON
350 Delaware Trust Building
Wilmington, DE 19899
(302) 658-6771

Counsel for Petitioner

* Counsel of Record

January 17, 1989

WILSON - EPES PRINTING CO., INC. - 789-0096 - WASHINGTON, D.C. 20001

TABLE OF AUTHORITIES

Cases Page

Central Soya Co. v. *Geo. A. Hormel & Co.*, 723 F.2d 1573 (Fed. Cir. 1983) 3

Christianson v. *Colt Industries Operating Corp.*, 108 S.Ct. 2166 (1988) 1, 2, 3, 4

Hughes Tool Co. v. *Trans World Airlines, Inc.*, 409 U.S. 363 (1973) 2

Stickle v. *Heublein, Inc.*, 716 F.2d 1550 (Fed. Cir. 1983) 3

USM Corp. v. *SPS Technologies, Inc.*, 770 F.2d 1035 (Fed. Cir. 1985) 3, 4

Statutes

28 U.S.C. § 1295(a)(1) 2, 4

35 U.S.C. § 284 3

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

No. 88-985

TECHNOGRAPH LIQUIDATING TRUST,
Petitioner,

v.

GENERAL MOTORS CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

---

REPLY BRIEF OF PETITIONER

The decision in *Christianson* v. *Colt Industries Operating Corp.*, 108 S.Ct. 2166 (1988), makes abundantly clear that, where jurisdiction of the district court arises under the patent laws based upon the well-pleaded complaint, appellate jurisdiction lies exclusively in the Federal Circuit. That jurisdictional conclusion controls for all purposes throughout the case regardless of the timing of or the issues on appeal. In this case, which indisputably arises under the patent laws, the Federal Circuit's jurisdiction is mandatory and exclusive.

Respondent's analysis, like that of the Third Circuit, ignores this Court's clear holding in *Christianson*. Respondent makes no attempt to dispute that, under the well-pleaded complaint standard set forth in *Christian-*

son, the only proper resolution is to transfer this case to the Federal Circuit. Indeed, respondent does not even cite the jurisdictional statute at issue, 28 U.S.C. § 1295 (a)(1).

1. Respondent's primary argument is that this Court should ignore the vitiation of *Christianson* by the Third Circuit because the course of this litigation has been prolonged. But no one is less happy about the "interminable" (Opp. 7) length of the proceedings in this case than plaintiff/petitioner. Respondent's expressions of anxiety over the pace of this litigation ignore the central fact that petitioner was the prevailing party on the infringement of non-bumper parts and thus respondent alone has benefited from the delay in resolving the issue of royalties.

While respondent blithely observes that it "would most probably" (Opp. 8) prevail in the Federal Circuit on the royalties issue, its litigation strategy belies this claim. Respondent has gone to great lengths to avoid litigating its liability for patent royalties (for non-bumper parts) on the merits in the Federal Circuit. Respondent's attempt to blame petitioner for the delay in having the jurisdictional problems resolved is disingenuous, to say the least. It would be a manifest injustice to deny petitioner the benefit of the bright-line *Christianson* ruling simply because respondent has successfully drawn out this litigation. Moreover, respondent's argument ignores the fundamental point that lack of subject matter jurisdiction must be corrected whenever it is discovered. See *Hughes Tool Co.* v. *Trans World Airlines, Inc.*, 409 U.S. 363 (1973).

2. Respondent is patently mistaken when it says that all issues arising under the patent laws were finally adjudicated prior to 1982 (Pet. 8 n.5).[1] The issues on

[1] Respondent's argument that all patent issues had been finally decided before 1982 suggests that it is confusing principles of

appeal demonstrate the presence of a substantial patent issue.[2] More significantly, respondent's position that the Federal Circuit's jurisdiction over a pre-1982 complaint depends on the issues on appeal contradicts the statute and the case law. The Federal Circuit sits as the *successor* court to the regional courts of appeals for post-1982 appeals in all patent cases involving pre-1982 complaints as long as the notice of appeal was filed after October 1, 1982. *Central Soya Co.* v. *Geo. A. Hormel & Co.*, 723 F.2d 1573 (Fed. Cir. 1983).

Respondent has *sub silentio* asked (Opp. 9-11) this Court to repudiate *Christianson*. By relying on *USM Corp.* v. *SPS Technologies, Inc.*, 770 F.2d 1035 (Fed. Cir. 1985), which focused on the issues on appeal in determining federal circuit jurisdiction, respondent sug-

---

res judicata with those of law of the case. Under *res judicata* a matter is finally disposed of at the close of the litigation and cannot be relitigated in subsequent litigation. Clearly, in *Technograph*, where the case was not closed because of the ongoing controversy regarding post-judgment interest, *res judicata*, is completely inapplicable.

Under law of the case, however, a prior ruling can be reconsidered if (1) it is clearly erroneous and results in a manifest injustice or (2) an intervening decision compels a contrary result. The current law in the Federal Circuit makes clear that the decision of the district court denying petitioner any royalty on 1.3 billion non-bumper parts found to be an infringement was clearly erroneous and therefore should be reconsidered. See, *e.g.*, *Stickle* v. *Heublein, Inc.*, 716 F.2d 1550, 1561 (Fed. Cir. 1983) (award of zero damages for an infringement is "contrary to the express statutory provision").

[2] Respondent has not explained the basis for its position that the issue on appeal is not a patent issue. The question that would be presented to the Federal Circuit is whether patent law (as interpreted by the Federal Circuit) requires a reasonable royalty to be paid by respondent for the infringement of petitioner's patent on non-bumper parts. If that question, which depends upon the proper interpretation of 35 U.S.C. § 284 is *not* a patent issue, then it seems quite plain that the exception to *Christianson* created by the Third Circuit is a gaping one.

gests simply that *Christianson* was wrongly decided. *USM* is a pre-*Christianson* decision whose error has been confirmed by *Christianson*. *Christianson* explicitly rejected any jurisdictional analysis that focused on the "issues" actually litigated or *on appeal* (Pet. 7-8). The majority and concurring opinions in *Christianson* confirmed that jurisdiction under 28 U.S.C. § 1295(a)(1) depends on the complaint in the district court—not on the issues in the court of appeals. Pet. 7-8. The Third Circuit has now held in a published opinion that the Federal Circuit's exclusive jurisdiction does not always depend upon the complaint. Accordingly, denial of certiorari here will ensure that jurisdiction under Section 1295(a)(1) will once again become a hotly disputed matter for litigation and that the clarity achieved in *Christianson* will be undone.[3] The only way to halt the erosion of *Christianson* is to reaffirm its bright-line test now and make clear that the Court meant what it said.

At bottom, the Court in granting certiorari and sending this case back to the Third Circuit already made clear its view that petitioner was entitled to the benefit of the ruling in *Christianson*. It is true that the order of this Court did not "compel" the Third Circuit to transfer this case to the Federal Circuit, but given the clarity of the *Christianson* holding, the Court really had no reason to take such action. The Third Circuit's refusal to follow *Christianson* now requires the Court to state plainly what it intended when the case was remanded previously—*viz.*, that this appeal should be transferred to the Federal Circuit so that this lengthy

---

[3] Indeed, respondent's reliance upon *USM Corp.* undercuts its claim that the Third Circuit's exercise of jurisdiction in this case was "plausible" because two different courts made the same mistake. *Christianson* shows that the Federal Circuit's interpretation of Section 1295(a)(1) was completely erroneous at the time it transferred this appeal. The Third Circuit's decision to accept that error to promote "judicial economy" in no way makes the jurisdictional ruling more "plausible."

dispute can be finally resolved by the only court with jurisdiction over petitioner's appeal.

CONCLUSION

For the foregoing reasons, and those stated in the petition, the petition should be granted and the decision of the court of appeals should be vacated and remanded with a direction to transfer the appeal to the Federal Circuit.

Respectfully submitted,

SIDNEY BENDER
AARON LEWITTES
JANINE L. BENDER
SYMA S. LEVINE
LEVENTRITT LEWITTES & BENDER
1205 Franklin Avenue
Garden City, NY 11530
(516) 742-4250

ALFRED W. PUTNAM, JR.
DRINKER BIDDLE & REATH
1100 Philadelphia National Bank Building
Philadelphia, PA 19107
(215) 988-2700

REX E. LEE *
CARTER G. PHILLIPS
MARK D. HOPSON
SIDLEY & AUSTIN
1722 Eye Street, N.W.
Washington, D.C. 20006
(202) 429-4000

ROBERT K. PAYSON
POTTER ANDERSON & CORROON
350 Delaware Trust Building
Wilmington, DE 19899
(302) 658-6771

Counsel for Petitioner

* Counsel of Record

January 17, 1989